SIXTEENTH ANNUAL REPORT OF THE PRESIDENT TO THE CONGRESS ON THE OPERATION OF THE AUTOMOTIVE PRODUCTS TRADE ACT OF 1965

S362-27

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I. SUMMARY

The decline in motor vehicle sales that started in 1979 continued in 1981 with sales in both the United States and Canada falling almost 6 percent below 1980 levels. Reflecting the weak market, production was lower in both countries; motor vehicle output dropped 1 percent in the United States and almost 4 percent in Canada. As in the two previous years, the import market was stronger than the market for North American type vehicles. Sales of imported motor vehicles fell 3.5 percent in the United States compared to a 38 percent increase in Canada. As a result of this sharp increase, import penetration in Canada is now almost at the U.S. level.

Employment declined again in the U.S. automotive industry in 1981 although not as precipitously as in the previous year. Average monthly employment was down 5 percent in 1981 compared to a 22 percent drop in 1980. During 1981, employment in the Canadian automobile industry remained at the 1980 level, 16 percent below the 1979 average.

In the United States, expenditures for new plant and equipment by the four car manufacturers were just under the 1980 level and 3 percent below the 1979 peak. Expenditures in Canada remained at the 1980 level, more than double the 1979 outlay.

Automotive prices continued to increase in both countries. The consumer price index for passenger cars rose 6.2 percent in the United States and 9.3 percent in Canada.

The 1965 Automotive Products Agreement created the basis for an integrated automotive industry by removing duties on trade between the United States and Canada in new motor vehicles and original equipment parts. Under the Agreement, automotive products trade has increased 3100 percent in nominal dollars and 1200 percent in constant dollars. In 1981, automotive products exports to Canada increased 14 percent over 1980 while corresponding imports rose 21 percent. However, the United States earned a trade surplus ($1.44 billion), as it has for every year since 1972.

The Canadian Government reached an understanding with Volkswagen (VW) on a proposed duty remission plan which would lead to a waiver of a portion of Canada's import duty on VW cars from the United States and Europe in exchange for VW opening a parts production plant in Canada. As of late 1982, the issue remained in abeyance while VW re-examined its need for additional production facilities. The United States Government is concerned that implementation of the proposed arrangement would establish a precedent which would lead to an erosion of benefits from the U.S./Canada Automotive Products Agreement.

II. BACKGROUND

Before 1965, Canada had a high-cost automotive industry structured to serve a comparatively small domestic market behind a high tariff wall. The measures Canada had taken to encourage production and increase exports, including import duty remissions to the concerned Canadian manufacturers, were a serious irritant to economic relationships with the United States. Under those circumstances, it seemed desirable for the two countries to agree on a mechanism that would allow Canada to develop a more rational and efficient automotive industry but would not adversely affect the U.S. industry. The resulting automotive products agreement,[1] signed on January 16, 1965, created the basis for an integrated automotive products market by removing duties on trade between the two countries in specified motor vehicles and original equipment automotive parts.

Article I of the Agreement sets forth three objectives: "(a) the creation of a broader market for automotive products within which the full benefits of specialization and large-scale production can be achieved; (b) the liberalization of United States and Canadian automotive trade in respect of tariff barriers and other factors tending to impede it, with a view to enabling the industry of both countries to participate on a fair and equitable basis in the expanding total market of the two countries; and (c) the development of conditions in which market forces may operate effectively to attain the most economic pattern of investment, production and trade." The United States and Canada further agreed that it shall be the policy of each government to avoid actions which would frustrate the achievement of these objectives. The Agreement is of unlimited duration, but each government has the right to terminate on 12-months notice.

The Agreement, as implemented in the United States by the Automotive Products Trade Act of 1965,[2] resulted in the removal of U.S. duties on specified new and used Canadian motor vehicles and original equipment automotive parts. The [illegible] established the tariff modifications effective retroactive to January 18, 1965.[3]

1/ Appendix A, page 49
2/ Appendix B, page 52
3/ Appendix C, page 61

The United States removed its duties on automotive products only from Canada. Therefore, it became necessary to obtain a waiver of its General Agreement on Tariffs and Trade (GATT) obligations concerning most-favored nation (MFN) tariff treatment in order to effectuate the Agreement. GATT approved the waiver in December 1965.

Canada implemented its side of the Agreement somewhat differently. It accorded duty-free treatment to specified new motor vehicles and original equipment parts on an MFN basis to all automotive manufacturers who had production facilities in Canada at the time of negotiation of the Agreement. Therefore, Canada did not consider it necessary to obtain a GATT waiver for its Order-in-Council implementing duty-free treatment effective January 18, 1965.

In recognition of the need for a transitional period for the smaller, higher-cost Canadian industry to adjust to the competitive pressures, several restrictive measures were set forth in Annex A to the Agreement: (1) only certain Canadian vehicle manufacturers could import automotive products duty-free; and (2) only those of the manufacturers who met certain minimum Canadian value-added and Canadian production-to-sales ratio requirements could avail themselves of the duty-free importation privilege.

With the duty-free import privilege in Canada limited to vehicle manufacturers, individuals who import motor vehicles from the United States must pay the Canadian duty of 12.8 percent ad valorem. In contrast, anyone in the United States may import a finished vehicle covered by the Agreement duty-free. In both countries, only eligible vehicle manufacturers may import orignial equipment parts and accessories duty-free.

In addition to the limitations set forth in Annex A, the major vehicle manufacturers gave the Canadian Government certain Letters of Undertaking to increase Canadian value-added. The letters committed the companies (1) to specific increases in Canadian value-added to be accomplished by duty [illegible], and (2) to further increases in the Canadian value-added, annually, of a proportion of any increase in sales in the Canadian market. Although the letters were between the companies and the Canadian Government, they were signed with the tacit approval of the United States Government. The tacit approval was withdrawn in 1970.

III. DEVELOPMENTS IN 1981

The combination of a major shift in consumer demand to smaller, more fuel-efficient cars, together with sluggish economic conditions in the United States and costly credit, has plunged the industry into the worst crisis in its history. Since the spring of 1979, sharply reduced sales of North American type motor vehicles have had a devastating impact on the North American Automotive Industry.

Production in the North American Automotive Industry

Total United States and Canadian motor vehicle production in 1981 was 9.26 million vehicles, down 1.3 percent from 1980. The United States share of the combined 1981 total was 86 percent, up slightly from 85 percent for the year before.

United States:

Motor vehicle production in the United States declined 0.9 percent to 7.94 million units in 1981. Passenger car production declined 1.9 percent to 6.25 million cars, 35 percent below the peak year 1973. Truck production increased 3.1 percent to 1.69 million units.4/

Canada:

Motor vehicle production in Canada in 1981 fell to 1.32 million units, 3.7 percent below the 1980 level. Passenger car production dropped 5.2 percent to 803,000 cars, also 35 percent below the 1973 peak. Truck production fell 1.5 percent to 520,000 trucks.5/

Retail Sales

Total retail motor vehicle sales in the United States and Canada in 1981 were 12.0 million units, a decline of 8.8 percent from the 1980 total. U.S. sales declined 8.1 percent and Canadian sales, 5.7 percent.6/ Truck sales declined more slightly than car sales in both countries. The United States share of total sales was 84 percent, the same as the previous year.

4/ Table 2, page 21
5/ Table 3, page 22
6/ Table 1, page 20

United States:

Retail sales of passenger automobiles declined to 8,536,000 cars in 1981, 4.8 percent below 1980. Sales of imports from overseas dropped to 2,327,000 cars, 2.6 percent below 1980. Sales of 6,209,000 North American-built cars represented a decline of 5.7 percent from the previous year. Retail sales of domestic-make trucks declined more severely. North American-built truck sales fell 9.5 percent to 1,811,000 vehicles while sales of imports declined 7.6 percent to 449,000 trucks.

Canada:

Retail sales of passenger cars dropped 3 percent to 904,000 cars in 1981. Sales of imports from overseas increased 35 percent to 257,000 cars while sales of North American-built cars fell 13 percent to 647,000 units. Retail sales of North American-built trucks dropped 19 percent to 251,000 vehicles while sales of imported trucks rose 71 percent to 36,000 vehicles.

Expenditures by Automotive Manufacturers for Plant and Equipment

Expenditures for new plant and equipment in 1981 by the "big four" motor vehicle manufacturers totaled $5.882 billion, a drop of 1.2 percent from the 1980 record level. The Canadian share was $823 million, almost matching the 1980 peak of $827 million, and it accounted for a record 14 percent of the total. Investment in the United States was $5.059 billion, down slightly from the 1980 level of $5.124 billion.

Relative Prices of Automobiles

Automotive price comparisons in this section are based on factory list prices rather than manufacturers' suggested retail prices, because of different tax structures[7] in each country (see Tables 6, 7 and 8).[8] The U.S. prices and Canadian prices expressed in U.S. dollars are for identical cars with comparable standard equipment.

7/ Canada has a federal sales tax on passenger cars that is included in the suggested retail price; the United States does not.

8/ Table 6, page 25
Table 7, page 26
Table 8, page 27

Expressed in U.S. dollars, factory list prices at the time of introduction of selected 1982 models ranged from 6.9 to 8.9 percent lower in Canada than in the United States. In 1981, the same models ranged from 9.5 percent lower to 12.6 percent higher in price in Canada.

The producer and consumer price indexes for automotive products continued to rise in both countries. During 1981, the producer price index for cars increased 3.1 percent in the United States, and the index for trucks climbed 12.8 percent. The price increase in the index for trucks was greater than during 1980, while the increase for cars was down sharply. The consumer price index for passenger cars also showed a moderation in the rate of price change, rising 6.2 percent in 1981 compared to 8.0 percent in 1980.9/

In Canada, the increases in the price indexes for cars also were more moderate in 1981 than in the previous year. The industrial selling price index for passenger cars rose 11.8 percent for 1981 compared to 12.5 percent in 1980. The Canadian consumer price index for passenger cars rose 3.3 percent in 1981 compared with 11.8 percent in 1980.10/ The industrial index for trucks rose 14 percent in 1981 compared to 11.1 percent in 1980.

Employment in the Automotive Industry

Employment in the North American Automotive Industry in 1981 averaged 912,000, 4.4 percent below the 1980 level. The United States share of total employment in 1981 was 89 percent, slightly below the 1980 share of 90 percent.

Average monthly automotive industry employment (including automotive stampings) in the United States declined again in 1981, dropping 5 percent to 814,000 employees, 28 percent below the 1978 peak of 1,133,000.

The 1981 decline affected assembly and parts plants, with the parts sector virtually unaffected.11/

9/ Table 4, page 23
10/ Table 5, page 24
11/ Table 9, page 28

Canadian automotive industry employment remained at the 1980 level of 97,000 employees, 16 percent below the 1978 peak of 116,000.

Trade in Motor Vehicles and Parts Between the United States and Canada

Total automotive products trade between the United States and Canada was $22.7 billion in 1981, an increase of 17 percent from 1980.12/ This increase primarily reflected higher prices rather than expanded volume. From 1964, the year before the Agreement, to 1981, total two-way trade in automotive products has increased 3,100 percent in nominal dollars and 1,190 percent in constant 1972 dollars.

During 1981, automotive products exports to Canada increased 14 percent while corresponding imports from Canada rose 21 percent. This resulted in a United States automotive products surplus of $1.44 billion, compared with the $1.77 billion surplus of the previous year.12/ The United States surplus in duty-free automotive products declined to $1.431 billion in 1981 compared with $1.728 billion in 1980.13/ The surplus in dutiable automotive products dropped from $45 million in 1980 to $6 million in 1981.13/

The decline in the trade balance resulted from a combination of larger price increases on Canadian-produced motor vehicles than on U.S.-made units and an upgraded product mix. The Canadian surplus in assembled vehicles increased by $1.0 billion in 1981 to $2.7 billion, as a result of a 21 percent increase in Canadian vehicle exports compared to a 7 percent increase in U.S. vehicle shipments to Canada.12/ The U.S. surplus in parts trade increased by $0.6 billion to $4.1 billion with both U.S. and Canadian parts exports increasing approximately 20 percent.12/ Higher prices were the principal cause of the parts trade increases.

12/ Table A, page 8
13/ Tables B, page 9, and C, page 10

TABLE A

U.S.-CANADIAN TRADE IN AUTOMOTIVE PRODUCTS, 1964 1976-81

U.S. IMPORTS - CANADIAN EXPORTS
(Millions of U.S. Dollars)

	1964	1976	1977	1978	1979	1980	1981
U.S. exports 1/							
Cars	31	2,354	2,655	2,613	3,147	2,906	3,095
Trucks	23	985	1,057	1,158	1,654	1,044	1,122
Parts	577	5,550	6,434	7,080	7,344	6,478	7,701
Subtotal	634	8,889	10,146	10,851	12,145	10,428	11,918
Tires and Tubes	6	116	144	113	128	124	137
TOTAL EXPORTS	640	9,005	10,290	10,964	12,273	10,552	12,055
U.S. imports							
Cars	18	3,477	3,795	4,129	3,707	3,802	4,295
Trucks	4	1,363	1,841	2,036	1,978	1,893	2,622
Parts	49	2,983	3,496	4,160	3,831	2,888	3,462
Subtotal	71	7,823	9,132	10,325	9,516	8,583	10,379
Tires and Tubes	5	166	135	167	199	196	239
TOTAL IMPORTS	76	7,989	9,267	10,492	9,715	8,779	10,618
Net Balance	+563	+1,016	+1,023	+472	+2,558	+1,773	+1,437

1/ Canadian import data. Parts exports (Canadian imports) adjusted to exclude tooling charges in millions of U.S. dollars as follows: 1976 - $105; 1977 - $72; 1978 - $235.

Note: Data exclude U.S.-Canadian trade in materials for use in the manufacture of automotive parts.
Canadian dollars converted to U.S. dollars at following exchange rates: $1.00 Canadian - $0.925 U.S., 1964; $1.0141, U.S. 1976; $0.94095, U.S. 1977; $0.8871, 1978; $0.85471, 1979; $0.83560, 1980; $0.84382, 1981.

TABLE B

UNITED STATES AUTOMOTIVE EXPORTS TO CANADA[1/]

(Millions of U.S. Dollars)

	December		Cum. Jan. thru Dec.	
	1981	1980	1981	1980
Automotive exports:				
Duty Free:				
Passenger cars	183.7	222.5	3,002.0	2,889.6
Trucks, buses, and chassis	53.4	69.2	1,065.1	974.9
Parts and accessories	527.6	550.3	7,224.4	6,079.2
Total, duty-free	764.7	842.0	11,291.5	9,943.7
Dutiable:				
Passenger cars	4.6	2.9	93.2	16.0
Trucks, buses, and chassis	4.1	4.3	57.3	69.1
Parts and accessories	26.7	31.6	476.0	399.1
Tires and tubes	7.7	9.1	137.1	124.5
Total, dutiable	43.1	47.9	763.6	608.7
Total duty-free and dutiable:				
Passenger cars	188.3	225.4	3,095.2	2,905.6
Trucks, buses, and chassis	57.5	73.5	1,122.4	1,044.0
Parts and accessories	554.3	581.9	7,700.4	6,478.3
Tires and tubes	7.7	9.1	137.1	124.5
Total, automotive exports	807.8	889.9	12,055.1	10,552.4

[1/] Canadian import data converted to U.S. dollars:
C $1.00 = U.S. $0.84362, December 1981
C $1.00 = U.S. $0.83560, December 1980

Source: Statistics Canada

Note: Monthly figures are preliminary and cumulative year end totals may contain annual corrections not distributed by months.

TABLE C

UNITED STATES AUTOMOTIVE IMPORTS FROM CANADA
(Millions of U.S. Dollars)

	December		Cum. Jan. thru Dec.	
	1981	1980	1981	1980
Automotive imports: 1/				
Duty-free 2/				
Passenger cars	373.0	364.5	4,275.0	3,775.8
Trucks, buses, and chassis	222.2	203.6	2,521.1	1,870.8
Parts and accessories	216.8	234.3	3,064.0	2,568.8
Total, duty-free	812.0	802.4	9,860.1	8,215.4
Dutiable:				
Passenger cars	0.9	2.5	19.7	25.9
Trucks, buses, and chassis	9.3	2.6	101.0	22.2
Parts and accessories	33.9	29.8	398.4	319.4
Tires and tubes	12.4	62.1	239.0	196.3
Total, dutiable	56.5	97.2	758.1	563.8
Total duty-free and dutiable:				
Passenger cars	373.9	367.0	4,294.7	3,801.7
Trucks, buses, and chassis	231.5	206.4	2,622.1	1,893.0
Parts and accessories	250.7	264.1	3,462.4	2,888.2
Tires and tubes	12.4	62.1	239.0	196.3
Total, automotive imports	868.5	899.6	10,618.2	8,779.2

1/ Preliminary and subject to revision.
U.S. imports are FAS or transaction values as published by Bureau of the Census. Canadian automotive imports are valued on similar basis.

2/ U.S. automotive product imports from Canada duty-free under the United States Canada Automotive Agreement.

Source: U.S. Bureau of the Census.
Note: Monthly figures are preliminary and cumulative year end totals may contain annual corrections not distributed by months.

U.S. shipments of automotive products to Canada increased 14 percent in 1981 to $12.1 billion. Assembled vehicles accounted for 35 percent of shipments, down from 37 percent in 1980. Dutiable exports in 1981 were $764 million or 6 percent of total automotive product exports to Canada, the same share as in 1980.[14]/

Canadian shipments of automotive products to the United States increased 21 percent to $10.6 billion in 1981. Assembled vehicles accounted for 65 percent of shipments, the same share as in the previous year. Duitable imports in 1981 were $758 million or 6 percent of automotive product shipments from Canada, the same share as in 1980.[15]/

Table 11[16]/ shows duty-free imports from Canada by tariff number. The largest single category of parts is the "basket" category of "not otherwise provided for," which in 1981 totaled $1.216 billion or 40 percent of the duty-free imports of motor vehicle parts. Other large volume categories are: engines and their parts; truck and bus bodies; brakes; springs; transmissions; wheels and auto furniture. Of the $0.5 billion increase in duty-free parts imports during 1981, engines and engine parts accounted for $213 million, the "basket" category-$161 million, car transmissions-$31 million, wheels-$13 million, and truck and bus bodies-$13 million.

During 1981, the number of cars shipped from Canada to the United States declined 5.1 percent to 565,000, while shipments of cars to Canada declined 7.5 percent to 469,000. In contrast to cars, trade in trucks increased moderately in 1981. Shipments from Canada increased 5.7 percent to 304,000 units and shipments to Canada increased 3.1 percent to 54,000 trucks.

Automotive Trade Statistics

A series of consultations in 1970 between government statistical experts from both the United States and Canada led to an agreement that a cooperative effort was necessary to prepare a complete accounting of automotive products trade.

14/ Table B, page 9
15/ Table C, page 10
16/ Table 11, page 30

Neither U.S. nor Canadian export statistics are sufficiently detailed to reflect accurately all trade covered by the Agreement, particularly in components that are not exclusively automotive (e.g., pipe fittings, engine parts, fabric for seat covers, etc.). In addition, a joint U.S.-Canadian committee studying overall bilateral trade statistics found that a substantial amount of automotive products exports are never reported in the first place.17/ Therefore, the two nations agreed that each would use its own statistics (in which all products eligible for duty-free treatment are broken out separately) to report imports and the other country's import statistics to report exports.

Tables A, B, and C (page 9, 10 and 11) were prepared using the method described in the previous paragraph and represent the most accurate way of measuring trade under the Automotive Products Agreement.

The U.S. imports for 1976 through 1981 in Table A were compiled using free alongside ship (f.a.s.) import values as now published by the Bureau of the Census. The f.a.s. values are not comparable to the frequently used "customs value basis" import statistics, in which imports are valued at prices constructed by the Bureau of Customs for duty purposes.

U.S. Automotive Products Trade With Countries Other Than Canada

The statistics used in the tables covering automotive products trade with countries other than Canada are based entirely on Bureau of the Census statistics. Consequently, the figures from Tables 12, 13 and 14[18/] used in this section are not comparable with data given on U.S.-Canadian trade in automotive products in Table A on page 9.

U.S. imports in 1981 of automotive products from countries other than Canada comprised 65 percent of all automotive products imports, down from 68 percent in 1980. The value of

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17/ The study titled The Reconciliation of U.S.-Canada Trade Statistics 1970, a Report by the U.S.-Canada Trade Statistics Committee, was published jointly by the U.S. Department of Commerce, Bureau of the Census, and Statistics Canada.

18/ Table 12, page 42
Table 13, page 43
Table 14, page 44

the imports (excluding Canada) reached $19.2 billion, 5.5 percent over 1980. The increase, following a 15 percent rise in 1980 and 18 percent in 1979, contrasts sharply with the declines in U.S. production and sales of North American-built motor vehicles.

Japan is the largest supplier to the United States, originating 44 percent of total 1981 imports. Germany, the largest supplier after Japan and Canada, originated 12 percent.

The identification of parts imports, excluding Canada, for assembly (original equipment) or for maintenance and repair (aftermarket) is not possible in the statistical data. The proportion of parts for assembly is still estimated to be relatively small. However, developments in recent years - including opening of the Volkswagen plant in Pennsylvania and recent foreign sourcing of engines and transaxles - are contributing to a growing volume of parts for assembly. For example, imported parts were estimated to have a 5 to 6 percent share of the U.S. automotive original equipment parts market in 1980; the imports' share is expected to grow to 12 to 15 percent in 1990.19/ Due to this trend toward increased sourcing of original equipment parts to foreign suppliers and a growing demand for aftermarket parts to service the increasing number of overseas-produced motor vehicles in this country, the proportion of parts to total automotive product imports is rising. Excluding Canada, the proportion has doubled since 1965, from 9 percent to 18 percent.

Exports of automotive products to all countries except Canada rose 8.6 percent to $7.2 billion in 1981. Car and truck exports dropped 13 and 10 percent respectively; however, exports of parts rose 22 percent, primarily due to higher prices. Mexico remained the largest export market, taking $1.9 billion or 27 percent of U.S. exports to all countries except Canada.20/ Saudi Arabia continued as the second largest export market in 1981, receiving shipments valued at $766 million, with Venezuela in third place at $694 million.

19/ Worldwide Competitiveness of the U.S. Automobile Industry and Its Parts Suppliers During the 1980's, Arthur Andersen & Company, February 1981.

20/ Table 13, page 43

Automotive products in 1981 were 7 percent of total exports of all commodities, the same share as in 1980. Imports of automotive products in 1981 were 11 percent of total commodity imports, also the same as in 1980.21/

Canadian Automotive Trade With Countries Other Than the United States

Canadian exports of automotive products to countries other than the United States were valued at $1.2 billion in 1981, a 15 percent increase from 1980, and amounted to 9 percent of total Canadian automotive exports.22/ Excluding the U.S., exports of vehicles in 1981 amounted to $659 million, a 3.8 percent increase over the previous year. Australia remained the largest single overseas market, taking $74 million or 6 percent of the total excluding the United States in 1981.23/

Canada's 1981 imports of $2.1 billion of automotive products from countries other than the United States were 30 percent above 1980. A 31 percent increase in the imports of passenger cars to $1.35 billion accounted for two-thirds of the total increase in automotive product imports during 1981 with the balance of the increase in trucks.

Japan is by far the largest overseas supplier of automotive products to Canada. In 1981 it furnished 72 percent of overseas imports.

Adjustment Assistance

The Automotive Products Trade Act of 1965 provided special adjustment assistance procedures for individual firms or groups of workers dislocated primarily because of the operation of the Agreement. These provisions expired June 30, 1968. Prior to the expiration of these provisions, petitions for adjustment assistance were filed by 21 groups of workers. Certifications were issued in 14 cases, and weekly allowance payments totaling about $4.1 million were made to approximately 1,950 workers.

21/ Table 11, page 43
22/ Table 15, page 48
23/ Table 16, page 46

General Agreement on Tariffs and Trade Waiver

Article I of the General Agreement on Tariffs and Trade provides for the extension of unconditional most-favored-nation treatment with respect to customs duties levied on products imported from the GATT contracting parties. Under the Automotive Products Agreement certain automotive products are allowed duty-free entry into the United States only when imported from Canada. It was, therefore, necessary for the United States to obtain a waiver of its GATT obligations to the extent required to put the Agreement into effect. The waiver, approved on December 20, 1965, provided for an annual report, a review by the GATT contracting parties after two years, and, if necessary, biennially thereafter. The U.S. reports to GATT have been based on the Annual Reports by the President to the Congress on the Operation of the Automotive Products Trade Act of 1965.

The waiver provides for consultations between the United States and any contracting party which believes that elimination of the U.S. customs duties on imports of an automotive product from Canada has created a significant diversion of U.S. imports of that automotive product from the requesting country. No request for such consultations has been received by the United States.

"Bona Fide" Motor Vehicle Manufacturers

Under the Automotive Products Trade Act of 1965, imports of Canadian original motor vehicle equipment will be duty-free when made pursuant to an order, contract, or letter of intent from a bona fide motor vehicle manufacturer in the United States. The Act defines such a manufacturer as a person who, upon application to the Secretary of Commerce, is determined by the Secretary to have produced no fewer than 15 complete motor vehicles in the United States during the previous 12 months and to have installed capacity in the United States to produce 15 or more complete motor vehicles per 40-hour week.

The Secretary of Commerce has delegated this responsibility to the Director, Bureau of Industrial Economics. Rules and Regulations published in Part 615, Chapter VI, Title 15 of the Code of Federal Regulations outline procedures for filing by motor vehicle manufacturers. They also provide for preparation, maintenance, and publication of a list of these manufacturers.

These rules and regulations state that a person shall be regarded as having the capacity to produce a complete motor vehicle only if the operations include the assembly of two or more major components (e.g., the attachment of a body to a chassis) to create a new motor vehicle ready for use.

As of May 1, 1982, a total of 201 U.S. manufacturers were certified as "bona fide motor vehicle manufacturers."24/ Certification of a manufacturer is valid for a 12-month period from the date the Secretary determines the manufacturer is qualified, and is renewable. The certified manufacturers are engaged in one or more of the following types of business: (1) manufacture of motor vehicles, including motor vehicle chassis; (2) manufacture and installation of motor vehicle bodies, and other motor vehicle equipment on new chassis; and (3) installation of motor vehicle bodies, trailer hitches known as fifth wheels, and other motor vehicle equuipment on new chassis.

The manufacturers are located in 39 states, with Michigan, Ohio, New York, Texas, Pennsylvania, Wisconsin, Illinois and Indiana leading the list in number of establishments.

The Government of Canada lists 94 Canadian firms that as of May 31, 1982 are considered to be motor vehicle manufacturers.25/

Government Actions

No formal consultations between the two governments were conducted in 1981.

Canadian Government representatives reached an understanding with Volkswagenwerk AG of West Germany which, if approved, would lead to waiver of a portion of Canada's current 12.8 percent import duty on Volkswagen (VW) automobiles (produced both in the United States and elsewhere). In exchange, VW would open a parts production plant in Canada to serve the North American Automotive Industry. The duty remission program would be an incentive for VW to increase its purchases from independent Canadian parts suppliers. As of late 1982, the issue remained in abeyance while VW re-examined its need for additional production facilities. Although an agreement has been signed, Cabinet approval is required for it to become effective.

24/ Appendix D, page 62
25/ Appendix E, page 73

The United States Government is concerned that the proposed arrangement could establish a new mechanism affecting bilateral automotive products trade which is outside the framework of the 1965 U.S./Canadian Automotive Products Agreement. The Government is further concerned that this could become a precedent for future agreements with other foreign automotive manufacturers (currently benefitting from Canadian duty remission arrangments or not) that establish assembly operations in the United States.

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TABLE 1.--RETAIL SALES OF MOTOR VEHICLES, 1965 AND 1970-81

SALES IN UNITED STATES
(Thousands of Units)

Year	Automobiles			Trucks			
	North American Type	Overseas Import Type	Total	North American Type	Overseas Import Type	Total	Total Vehicles
1965	8,763	569	9,332	1,339	44	1,583	10,915
1970	7,120	1,285	8,405	1,746	65	1,811	10,216
1971	8,681	1,570	10,251	2,011	85	2,096	12,347
1972	9,327	1,623	10,950	2,486	143	2,632	13,575
1973	9,676	1,763	11,439	2,916	228	3,144	14,583
1974	7,454	1,413	8,867	2,512	171	2,683	11,550
1975	7,053	1,587	8,640	2,249	231	2,480	11,120
1976	8,611	1,498	10,109	2,944	237	3,181	13,290
1977	9,109	2,075	11,184	3,353	323	3,676	14,860
1978	9,312	2,000	11,312	3,773	336	4,109	15,421
1979	8,328	2,330	10,658	3,010	469	3,479	14,137
1980	6,581	2,390	8,971	2,002	486	2,488	11,459
1981	6,209	2,327	8,536	1,811	449	2,260	10,796

Source: Motor Vehicle Manufacturers Association and Ward's Reports

SALES IN CANADA
(Thousands of Units)

Year	Automobiles			Trucks			
	North American Type	Overseas Import Type	Total	North American Type	Overseas Import Type	Total	Total Vehicles
1965	634	75	709	120	2	122	831
1970	497	143	640	125	9	134	774
1971	592	188	780	147	13	160	940
1972	654	205	859	190	17	207	1,066
1973	783	188	971	235	20	256	1,227
1974	797	146	943	288	19	307	1,249
1975	836	154	989	310	17	327	1,317
1976	793	153	946	332	14	345	1,291
1977	798	194	991	338	16	354	1,345
1978	816	173	989	364	13	377	1,366
1979	864	139	1,003	381	12	393	1,396
1980	741	191	932	310	21	331	1,263
1981	647	257	904	251	36	287	1,191

Source: Statistics Canada

TABLE 2.--U.S. MOTOR VEHICLE PRODUCTION, CALENDAR YEARS 1965 AND 1970-81

(Thousands of Units)

Year	Passenger cars	Trucks and buses	Total
1965	9,335.2	1,802.6	11,137.8
1970	6,550.1	1,733.8	8,283.9
1971	8,583.7	2,088.0	10,671.7
1972	8,828.2	2,482.5	11,310.7
1973	9,667.1	3,014.4	12,681.5
1974	7,324.5	2,746.5	10,071.0
1975	6,716.9	2,269.6	8,986.5
1976	8,497.9	2,999.7	11,497.6
1977	9,213.6	3,489.1	12,702.8
1978	9,176.6	3,722.6	12,891.7
1979	8,433.7	3,046.3	11,480.0
1980	6,375.5	1,632.8	8,008.3
1981	6,253.1	1,683.1 1/	7,936.2

Source: Motor Vehicle Manufacturers' Association

1/ Source: Ward's Automotive Reports -- MVMA last tabulated truck and bus production figures for 1980.

TABLE 3.--CANADIAN MOTOR VEHICLE PRODUCTION, CALENDAR YEARS 1965 AND 1970-81

(Thousands of Units)

Year	Passenger cars	Trucks and buses	Total
1965	706.8	139.8	846.2
1970	923.4	236.1	1,159.5
1971	1,083.2	263.6	1,346.8
1972	1,154.5	319.9	1,474.4
1973	1,227.5	347.4	1,574.9
1974	1,165.6	361.7	1,527.3
1975	1,044.8	379.2	1,424.5
1976	1,137.3	502.8	1,640.1
1977	1,162.5	612.9	1,775.4
1978	1,139.6	677.9	1,817.5
1979	987.7	644.0	1,631.7
1980	846.8	527.5	1,374.3
1981	803.1	519.7	1,322.8

Source: Statistics Canada

TABLE 4.--PRICE INDEXES FOR AUTOMOTIVE EQUIPMENT IN THE UNITED STATES
Annual average 1965 and 1970-81 (1967=100)

Year	Producer Price Index			Consumer Price Index
	Passenger cars	Motor trucks	Motor vehicle parts 1/	New passenger cars
1965	100.1	97.5	--	100.0
1970	106.6	110.9	112.9	107.6
1971	112.2	118.5	120.2	112.0
1972	114.9	121.1	126.0	111.0
1973	115.4	123.0	127.5	111.1
1974	123.1	136.9	143.8	117.5
1975	134.2	152.4	172.8	127.6
1976	142.2	164.6	182.7	135.7
1977	150.6	177.5	195.6	142.9
1978	161.6	193.4	208.6	153.8
1979	174.4	210.8	225.8	166.0
1980	189.1	232.0	252.4	179.3
1981	195.0	261.7	319.9	190.4

1/ The index for "motor vehicle parts" was first computed in 1967. Comparable data for earlier years are not available.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

TABLE 5--PRICE INDEXES FOR AUTOMOTIVE EQUIPMENT IN CANADA

Annual average, 1965 and 1970-81
(1967=100)

Year	Industrial selling price index 1/					Consumer price index
	Passenger cars 2/			Motor trucks	Motor vehicle parts and accessories	New passenger cars
	Total 3/	Hardtop	4-door sedan			
1965		100.4	101.0	99.6	98.1	100.3
1970		101.6	104.2	107.9	105.8	104.2
1971	100.0	103.6	105.8	113.6	107.3	107.9
1972	101.7	105.5	107.8	116.3	109.9	110.1
1973	100.7			117.9	113.4	110.5
1974	106.8			129.9	123.3	118.4
1975	114.2			143.0	140.7	126.0
1976	117.4			153.5	153.6	133.1
1977	126.4			167.8	169.1	142.1
1978	136.6			185.6	187.7	154.7
1979	153.1			209.3	203.0	173.4
1980	172.2			232.5	224.0	193.8
1981	192.5 4/			265.1 4/	224.9 4/	200.2

1/ The industrial selling price indexes were revised in 1969 and in 1976. The classifications shown here are the new series. 1965 is not entirely comparable with later data.

2/ The average index for passenger cars was introduced in January 1971; the indexes for individual passenger car models were discontinued in October 1973.

3/ 1971=100.

4/ Preliminary.

Source: Statistics Canada.

Prepared by: U. S. Department of Labor, Bureau of Labor Statistics.

TABLE 6.--PRICE OF TYPICAL MODEL, SUBCOMPACT 2-DOOR SEDAN WITH COMPARABLE STANDARD EQUIPMENT IN THE UNITED STATES AND CANADA, MODEL YEARS, 1980-1982

	Price in United States dollars	Price in Canada		Canadian Price Differential Over (under) U.S. Price	
		Canadian dollars	United States dollars 3/	Amount U.S. dollars	Percent
1980 Model Introduction					
Factory List Price	4,282	4,568	3,887	(395)	(9.2)
Sales/Excise Tax 1/		361	307	300	
Manufacturer's suggested retail price 2/	4,289	4,929	4,194	(95)	(2.2)
1981 Model Introduction					
Factory List Price	5,226	5,529	4,729	(497)	(9.5)
Sales/Excise Tax 1/		437	374	-367	
Manufacturer's suggested retail price 2/	5,233	5,966	5,103	(130)	(2.5)
1982 Model Introduction					
Factory List Price	6,258	6,865	5,707	(551)	(8.8)
Sales/Excise Tax 1/		618	514	507	
Manufacturer's suggested retail price 2/	6,265	7,483	6,221	(44)	(0.1)

1/ Canadian sales tax; U.S. excise tax on passenger cars and light trucks repealed as of Aug. 15, 1971.

2/ Manufacturer's suggested retail price includes factory list price, sales tax or excise tax including that on tires and tube and dealer delivery and handling, but excludes destination charges, state and local taxes, license and title fees.

3/ Based on conversion rates: $ C.100 = $ U.S. Model years 1980, 0.85084; 1981, .85538; 1982, .83136.

TABLE 7.--PRICE OF TYPICAL POPULAR MODEL; 4-DOOR SEDAN, WITH COMPARABLE STANDARD EQUIPMENT IN THE UNITED STATES AND CANADA, MODEL YEARS 1980-1982

	Price in United States dollars	Price in Canada		Canadian Price Differential over (under) U.S. Price	
		Canadian dollars	United States dollars 3/	Amount U.S. dollars	Percent
1980 Model Introduction					
Factory List Price	4,839	5,495	4,675	(164)	(3.4)
Sales/Excise Tax 1/		370	315	307	
Manufacturer's suggested retail price 2/	4,847	5,865	4,990	143	2.9
1981 Model Introduction					
Factory List Price	6,439	6,936	5,933	(506)	(7.9)
Sales/Excise Tax 1/		590	505	496	
Manufacturers's suggested retail price 2/	6,448	7,526	6,438	(10)	(.2)
1982 Model Introduction					
Factory List Price	7,044	7,717	6,415	(629)	(8.9)
Sales/Excise Tax 1/		631	525	516	
Manufacturer's suggested retail price 2/	7,053	8,348	6,940	(113)	(1.6)

1/ Canadian sales tax; U.S. excise tax on passenger cars and light trucks, repealed as of Aug. 15, 1971.

2/ Manufacturer's suggested retail price includes factory list price, sales tax or excise tax including that on tires and tubes and dealer delivery and handling, but excludes destination charges, state and local taxes, license and title fees.

3/ Based on conversion rates: $C 1.00 = $ U.S. Model years 1980, 0.85084; 1981, .85538; 1982, .83136.

TABLE 8.--PRICE OF TYPICAL POPULAR MODEL, 2-DOOR SEDAN WITH COMPARABLE STANDARD EQUIPMENT IN THE UNITED STATES AND CANADA, MODEL YEARS, 1980-1982

	Price in United States dollars	Price in Canada		Canadian Price Differential over (under) U.S. Price	
		Canadian dollars	United States dollars 3/	Amount U.S. dollars	Percent
1980 Model Introduction 4/					
Factory List Price	16,005	19,196	16,333	328	2.0
Sales/Excise Tax 1/		1,264	1,075	1,059	
Manufacturer's suggested retail price 2/	16,021	20,460	17,408	1,387	8.7
1981 Model Introduction 4/					
Factory List Price	17,028	22,408	19,167	2,139	12.6
Sales/Excise Tax 1/		1,475	1,262	1,245	
Manufacturer's suggested retail price 2/	17,045	23,883	20,429	3,384	19.9
1982 Model Introduction 5/					
Factory List Price	8,305	9,304	7,735	(570)	(6.9)
Sales/Excise Tax 1/		722	600	592	
Manufacturer's suggested retail price 2/	8,313	10,026	8,335	22	0.3

1/ Canadian sales tax; U.S. excise tax on passenger cars and light trucks repealed as of Aug. 15, 1971.

2/ Manufacturer's suggested retail price includes factory list price, sales tax or excise tax including that on tires and tubes and dealer delivery and handling, but excludes destination charges, state and local taxes, license and title fees.

3/ Based on conversion rates: $C 1.00 = $U.S. Model years 1980, 0.85084; 1981, .85538; 1982, .83136.

4/ 8-cylinder models

5/ 4-cylinder model

TABLE 9--TOTAL EMPLOYMENT IN THE U.S. AUTOMOTIVE PRODUCTS INDUSTRY

(Thousands of Employees)

Year	Total motor vehicles and equipment (SIC 371)	Motor vehicles (SIC 3711)	Trucks and bus bodies (SIC 3713)	Parts and accessories (SIC 3714)	Automotive stampings (SIC 3465)
1972	874.8	415.2	46.1	383.0	104.5
1973	976.5	461.6	51.3	429.9	110.9
1974	907.7	416.2	54.8	402.7	95.5
1975	792.4	375.3	45.5	352.5	82.1
1976	881.0	415.9	43.7	399.0	99.5
1977	947.3	443.0	45.8	426.5	110.7
1978	1,004.9	469.8	45.3	451.9	118.3
1979	990.4	463.0	46.1	441.1	117.6
1980	762.6	348.9	38.6	342.5	94.3
1981	723.2	312.9	33.9	342.2	91.1

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Note: Based on U.S. Standard Industrial Classification (SIC), annual average 1972-81.

TABLE 10--TOTAL EMPLOYMENT IN THE CANADIAN AUTOMOTIVE PRODUCTS INDUSTRY 1/

(Thousands of Employees) 2/

Year	Motor vehicles (SIC 323-5)	Assembling (SIC 323)	Parts and accessories (SIC 325)
1972	97.5	41.9	41.4
1973	108.8	45.2	48.8
1974	108.2	47.1	45.9
1975	99.0	43.4	41.2
1976	106.8	46.6	46.2
1977	111.8	50.8	48.5
1978	116.4	52.6	51.2
1979	115.7	52.9	49.0
1980	96.7	44.5	39.6
1981 3/	97.3	43.5	42.8

1/ Based on Canadian Standard Industrial Classification (SIC), annual average 1972-81 for establishments with 20 or more workers.

2/ The employment figures in this table are estimates based on Statistics Canada's employment indexes

3/ Preliminary

Source: Statistics Canada.

Prepared by: U.S. Department of Labor, Bureau of Labor Statistics.

Table 11.--FAS VALUE OF CANADIAN MOTOR VEHICLES AND ORIGINAL MOTOR VEHICLE EQUIPMENT (CANADIAN ARTICLES) IMPORTED DUTY-FREE FROM CANADA INTO THE UNITED STATES UNDER THE AUTOMOTIVE PRODUCTS TRADE ACT OF 1965 (APTA), BY TSUSA NUMBER 1979-1981

(Thousands of U.S. Dollars)

TSUSA Number	Commodity	1979	1980	1981
	MOTOR VEHICLES			
692.0310	Automobile trucks, exc. truck tractors, gasoline	1,076,810	1,223,761	1,759,510
692.0320	Automobile trucks, exc. truck tractors, diesel	230,074	79,505	126,988
692.0330	Automobile truck tractors gasoline	44,511	832	6,563
692.0350	Automobile truck tractors exc. gasoline (diesel)	11,561	8,978	17,150
692.0720	Motor buses, gasoline	60,554	96,656	143,641
692.0740	Motor buses, exc. gasoline	41,486	81,930	143,827
692.1110	Four-wheel passenger cars, new not over 4 cylinder	278,582	420,924	784,664
692.1115	Four-wheel passenger cars, new not over 6 cylinder	966,813	1,656,971	1,319,514
692.1130	Four-wheel passenger cars, new over 6 cylinder	2,446,051	1,697,431	2,168,636
692.1135	Four-wheel passenger cars, new NSPF	1,291	52	479

TABLE 11--CONTINUED

TSUSA Number	Commodity	1979	1980	1981
692.1140	On-the-highway, four-wheeled automobiles, used.....	1,193	456	1,669
692.1160	Vehicles which operate in whole or in part on runners or skis.....	53,750	34,695	17,020
692.1180	Motor vehicles, n.e.s., exc. motor-cycles.....	117,959	7,335	9,647
692.2170	Chassis for motor buses.....	707	104	----
692.2180	Chassis, other.....	248,830	307,493	229,900
692.2360	Chassis for pass auto APTA.....	1	----	25
692.2380	Chassis for pass motor vehicles n.s.p.f..	3,276	1,699	----
692.2885	Chassis for truck tractors, gas.....	290	----	----
692.2888	Chassis for truck tractors, other	69,121	----	----
692.3120	Auto truck tractors gas fueled shipped separately.....	----	237	158
692.3140	Auto truck tractors NSPF shipped separately.....	----	50,379	66,655
	Total duty-free passenger cars.....	3,693,931	3,775,834	4,274,987
	Total duty-free truck, bus, sp. veh....	1,958,929	1,893,604	2,521,059
	Total duty-free motor vehicles.....	5,652,860	5,669,438	6,796,046

TABLE 11.--CONTINUED

TSUSA Number (APTA)	Commodity	1979	1980	1981
207.0100	Articles of wood, n.s.p.f.	9	----	----
220.4900	Cork disks, wafers etc., exc. tapered	46	14	9
355.2700	Felt, batting, wadding	515	129	161
357.9100	Hoses of veg. fiber	----	----	----
357.9600	Hoses for liquids or gases, manmade	271	1	----
358.0300	V-belts, textile fibers & rubber	122	36	68
361.9000	Floor coverings and underlays, textile	5,276	6,650	7,888
389.8000	Textile articles n.s.p.f.	224	1,039	1,170
516.9800	Cut or stamped mica	----	----	12
517.8200	Brushes for elec. generators, etc	182	174	156
535.1500	Ceramic magnet & elect. wares n.e.s. Ceramic insulators	----	12	17
540.7200	Glass fiber filter, not over 25 lbs. per cubic foot, n.e.s	19	21	36
544.1700	Glass, drawn or blown & over 15/32 inch in thickness	----	----	----
544.2000	Glass processed, n.e.s	400	211	15

TABLE 11.--CONTINUED

TSUSA Number	(APTA)	Commodity	1979	1980	1981
544.3200		Toughened glass, shaped or formed.....	26,103	21,740	28,116
544.4200		Laminated glass.....	20,825	18,502	5,841
544.5200		Mirrors not over 1 square ft. reflecting area.....	3,994	1,413	1,540
544.5500		Mirrors over 1 square foot reflecting area.....	40	8	5
545.6200		Glass lens & filters and parts.....	41	----	----
545.6400		Glass reflecting lenses, buttons n.e.s.....	15	5	4
547.1600		Clock glass, curved surface, n.e.s.....	9	----	----
610.8100		Pipe & tube fittings, n.e.s.....	308	467	497
613.1600		Pipe & tube fittings, copper.....	----	----	----
613.1900		Pipe & tube fittings, other.....	158	227	160
618.4800		Pipe, tubes, blanks, fittings of aluminum.....	10	1	9
620.4700		Nickel pipe & tube fittings.....	----	----	5
642.2100		Ropes, cables, etc. with fittings.....	4,837	3,390	4,850
642.8600		Wire cloth copper cut shape.....	----	2	----

TABLE 11.--CONTINUED

TSUSA Number	(APTA) Commodity	1979	1980	1981
642.8800	Wire cloth other than copper etc. cut to shape.....	49	2	1
646.7910	Bolts, if Canadian article & original motor vehicle equipment.....	10	8,192	8,938
646.7920	Nuts, if Canadian article & original motor vehicle equipment.....	13,952	11,909	12,792
646.7930	Screws, if Canadian article & original motor vehicle equipment.....	19,259	12,934	16,817
646.7940	Bolts, nuts, screws, etc. n.s.p.f. Canadian art. for orig. MV equipment....	4,099	2,362	3,385
646.9300	Locks and padlocks, n.e.s.	533	73	151
647.0200	Hinges, fittings, mounting or iron, steel, aluminum or zinc for motor veh...	40,580	31,310	41,073
647.0600	Other hinges, fittings & mountings.....	693	231	61
652.1000	Flex metal hose or tubing.....	2,030	1,424	597
652.3900	Chains and parts of base metals.....	502	273	86
652.7600	Sign plates, name plates, numbers etc. of base metal.....	576	547	646
652.8500	Springs & leaves for motor vehicle suspension.....	121,031	73,625	73,832

TABLE 11.--CONTINUED

TSUSA Number	(APTA) Commodity	1979	1980	1981
652.8700	Hairsprings	1	115	22
652.8900	Other springs	11,691	7,101	7,801
658.1000	Metal articles n.s.p.f	11,670	10,487	13,829
660.4300	Piston type compression-ignitions, engines	7,515	10	----
660.4900	Piston type engines ex-diesel	511,726	273,376	488,048
660.5100	Cast iron parts not advanced for internal combustion engines	17,352	-----	----
660.5700	Piston type engines ex-diesel, n.s.p.f	----	-----	22
660.6300	Non piston type engines	2	71	82
660.6800	Parts of piston type engines other than compression ignition engines	131,698	124,338	123,153
660.7200	Parts internal combustion engine n.e.s	1,647	2,694	1,168
660.8600	Non electric engines, motors & parts n.s.p.f	127	190	131
660.9300	Fuel injection pumps for compression ignition engines and parts	447	909	299
660.9800	Pumps for liquids n.e.s. and parts	29,325	27,050	29,982
661.0700	Fans, blowers and parts n.e.s	15,751	13,667	19,282
661.1300	Compressors and parts	269	117	431
661.1600	Air pumps, vacuum pumps and parts	----	-----	----
661.2100	Air conditioning machines and parts	2,638	2,313	2,390

TABLE 11.--CONTINUED

TSUSA Number (APTA)	Commodity	1979	1980	1981
661.3600	Refrig. and refrig. equipment.....	5	----	57
661.9300	Other cast iron parts.....	93	8	25
661.9600	Other parts for filtering machines n.e.s..	27	126	209
662.3600	Piston pump sprays and parts.....	216	39	16
662.5100	Other mechanical appliances n.e.s. for dispersing liquids.....	1,689	1,173	985
664.1100	Material handling equipment n.e.s.....	11,665	10,938	13,402
678.5100	Tape playing machines n.s.p.f. & parts....	654	212	6,677
680.1600	Taps, cocks, valves and parts, copper.....	35	15	24
680.1800	Valves hand operated iron or steel.....	----	5,205	5,182
680.2300	Taps, cocks, valves and parts, other metal.	8,592	----	----
680.2400	Valves hand operated metal.....	-----	810	1,609
680.2800	Taps, cocks, valves and parts, other.....	41,995	30,612	30,868
680.3100	Anti friction balls and rollers.....	2,251	1,139	367
680.3400	Ball bearings with integral shafts.....	4,310	2,588	2,256
680.3620	Ball bearings.....	6,372	3,015	----
680.3630	Parts of ball bearings.....	331	92	----
680.3640	Tapered roller bearings.....	123	14	----
680.3644	Tapered roller bearing cup assemblies.....	3,425	2,066	----

TABLE 11.--CONTINUED

TSUSA Number	(APTA) Commodity	1979	1980	1981
680.3648	Tapered roller bearing cone assemblies...	4,310	2,980	----
680.3652	Tapered roller bearing parts n.e.s.....	24	36	----
680.3670	Other bearings.....	3,474	1,474	----
680.3820	Ball bearings.....	----	3,296	10,646
680.3830	Parts of ball bearings.....	----	26	114
680.4140	Tapered roller bearings cup and cones, assemblies in sets.....	----	1	50
680.4144	Tapered roller bearings cup assemblies...	----	964	3,645
680.4148	Tapered roller bearings cone assemblies..	----	1,804	6,622
680.4152	Parts n.s.p.f. of tapered roller bearings	----	46	559
680.4170	Roller bearings, n.s.p.f. including combination roller and ball bearings and parts.....	----	1,290	4,733
681.3000	Lubrication fittings.....	157	1	21
681.4200	Machinery parts not containing electrical features n.s.p.f.....	160	118	140
682.6500	Generators, motors, and parts under 200 hp.....	6,241	3,081	3,658
682.7100	Permanent magnets.....	----	----	7
682.9100	Electro-magnetic couplings, etc.....	189	182	6
683.1100	Lead acid type storage batteries.....	8,664	9,549	15,730

TABLE 11.--CONTINUED

TSUSA Number	(APTA) Commodity	1979	1980	1981
683.1600	Other storage batteries and parts.....	116	469	1,035
683.6100	Electrical starting and ignition equip. for internal combustion engines.....	9,172	15,310	23,511
683.6600	Electrical lighting equip designed for motor vehicles and parts.....	7,164	6,820	8,247
684.4100	Electric heaters and parts.....	4,500	4,464	4,277
684.6300	Telephonic apparatus instruments and parts	----	7	1
684.7100	Microphones, loudspeakers etc.	716	68	104
685.5520	Radio receivers.....	40,583	18,768	15,476
685.5540	Other radio receiving equipment.....	7,448	7,089	4,268
685.7100	Electric sound and visual signaling apparatus.....	4,630	4,278	4,003
685.8100	Electrical capacitors fixed or variable...	2,644	4,685	6,015
685.9100	Electrical switches, relays, etc. & parts.	17,787	19,515	24,668
686.1100	Resistors fixed or variable.....	2,885	1,511	1,431
686.1900	Automatic voltage regulators for 6, 12, and 24 volt systems.....	30	14	62
686.6100	Sealed beam lamps.....	2,999	524	749
686.8100	Electric filament lamps under 100 volts n.e.s.....	1,914	1,216	1,611

TABLE 11.--CONTINUED

TSUSA NUMBER	(APTA)	Commodity	1979	1980	1981
687.3600		Color television picture tubes.....	----	----	----
687.4400		Electronic tubes excluding color television picture tubes.....	----	----	----
687.5600		Cathode ray tubes and parts.....	----	----	3
687.6200		Miscellaneous electronic crystal components.....	----	----	38
687.7600		Electronic tubes, n.e.c.....	----	----	15
688.0500		Insulated electrical conductors without fittings.....	----	2	23
688.0700		Electric conductor n.e.s. no fittings..	----	3	36
688.1300		Ignition wiring sets.....	22,662	14,570	18,929
688.1600		Insulated electrical conductors with fitting, other.....	10,063	10,024	8,541
688.4600		Electrical articles & parts n.s.p.f....	2,553	1,082	1,789
692.2110		Bodies (incl. cabs) for auto trucks....	118,014	47,091	49,486
692.2120		Bodies (incl. cabs) for truck tractors.	1,257	1,098	522
692.2130		Bodies for motorbuses.....	33,973	34,622	45,022
692.2320		Bodies for passenger automobiles.....	----	25	25
692.2340		Bodies for motor vehicles n.s.p.f.....	830	951	128
692.2500		Cast iron parts for motor vehicles not alloyed, not advanced.....	51	----	----

TABLE 11.--CONTINUED

TSUSA Number (APTA)	Commodity	1979	1980	1981
692.3310	Body stampings	8,493	8,792	13,317
692.3320	Bumpers	33,768	22,281	20,501
692.3330	Wheels designed to be mounted with pneumatic tires	83,640	64,329	77,387
692.3340	Hubcaps and wheelcovers	12,220	1,306	248
692.3350	Radiators	38,441	45,961	50,600
692.3360	Mufflers & tailpipes	22,995	29,085	30,667
692.3372	Brakes and parts	156,982	77,593	79,580
692.3374	Transmissions for trucks and buses	9	26	629
692.3376	Transmissions for passenger auto	107,427	59,279	89,811
692.3378	Transmissions for motor vehicles n.s.p.f.	58	33	250
692.3380	Shock absorbers for motor vehicles	6,829	10,604	13,419
692.3390	Parts n.s.p.f. of motor vehicles	1,323,723	1,054,648	1,215,827
711.7900	Pressure gauges, thermostats, etc.	5,331	2,013	2,337
711.9100	Taximeters and Parts	4	29	---
711.9900	Speedometers and Parts	328	182	346
712.5100	Test record measuring instruments	10,938	12,082	16,525

TABLE 11.--CONTINUED

TSUSA Number	(APTA) Commodity	1979	1980	1981
721.2000	Clocks, clock movements and parts.....	3,790	178	119
727.0700	Furniture for motor vehicles.....	201,414	182,822	178,914
728.3000	Non textile floor coverings.....	---	29	79
745.8000	Buckles, buckle slides, fasteners and parts..	119	1	5
772.6600	Hose, pipe, and tubing n.s.p.f. of rubber or plastic.....	11,351	7,645	11,022
772.8100	Handles and knobs of rubber or plastic.....	6,855	5,141	3,573
772.8600	Closures, including caps, lids, etc. of rubber or plastic.....	344	211	173
773.2600	Gaskets of rubber or plastic.....	14,696	10,847	13,678
773.3100	Electrical insulators of rubber or plastic...	1,867	318	191
774.7000	Articles n.s.p.f. or rubber or plastic.....	14,602	12,823	13,316
791.8100	Articles of reptile leather.....	---	---	---
791.9100	Other leather articles n.s.p.f.....	31	12	12
	Total duty-free parts.....	3,471,825	2,544,738	3,055,727
	1/Grand total of all duty-free motor vehicles and parts.....	9,124,685	8,214,176	9,851,773

1/ Figures may not add due to rounding

TABLE 12.--U.S. AUTOMOTIVE TRADE1/ TOTAL WITH ALL COUNTRIES, WITH CANADA, AND WITH ALL COUNTRIES EXCEPT CANADA 1979-1981

(Millions of U.S. Dollars)

ITEMS	Trade with all countries			Trade with Canada 2/			Trade with all countries except Canada		
	1979	1980	1981	1979	1980	1981	1979	1980	1981
U.S. Exports:									
Passenger cars	4,611	3,919	3,920	3,288	3,035	3,154	1,323	884	766
Trucks, buses and chassis	3,105	2,784	2,647	1,456	958	1,007	1,649	1,826	1,640
Parts and accessories	8,394	8,702	10,580	5,318	4,821	5,828	3,076	3,881	4,752
TOTAL Exports	16,110	15,405	17,147	10,062	8,814	9,989	6,048	6,591	7,158
U.S. Imports:									
Passenger cars	14,842	17,198	18,020	3,707	3,802	4,295	11,135	13,396	13,725
Trucks, buses and chassis	3,549	3,789	4,804	1,978	1,893	2,622	1,571	1,868	2,102
Parts and accessories	6,754	5,731	6,594	3,544	2,664	3,201	3,210	2,980	3,417
TOTAL Imports	25,145	26,718	29,418	9,229	8,359	10,118	15,916	18,244	19,244
U.S. Net Exports (-) 3/	(9,035)	(11,313)	(12,271)	833	455	(129)	(9,868)	(11,653)	(12,086)

1/ The figures are not all inclusive inasmuch as some automotive products as well as other items destined for automotive use are not separately delineated in U.S. trade classification systems and, therefore, are not separately available in U.S. foreign trade statistics. Exports and imports of tires and tubes are not included. Figures may not add to totals due to rounding.

2/ The purpose of this table is to compare U.S. automotive trade balance with Canada and with the rest of the world. Therefore, imports of automotive products newly identified by the Automotive Products Trade Act of 1965 (APTA) are not included because similar items are not identifiable in the statistics of imports from other countries. See Table 14 for totals of these new APTA items from Canada.

3/ The net balance shown for U.S. automotive trade with Canada in the above table is the most representative figure possible on the basis of U.S. trade statistics. However, see discussion of U.S. Canadia automotive trade statistics in Section III.

TABLE 13.--U.S. AUTOMOTIVE EXPORTS 1/ CALENDAR YEARS 1979-1981
(Millions of U.S. Dollars)

Country of Destination	Passenger Cars			Trucks and buses			Parts and accessories			Total Exports		
	1979	1980	1981	1979	1980	1981	1979	1980	1981	1979	1980	1981
Canada	3,288	3,035	3,154	1,456	958	1,007	5,318	4,821	5,828	10,062	8,814	9,989
Belgium and Luxembourg	91	35	18	10	16	9	107	137	113	208	188	140
West Germany	142	41	33	38	26	15	134	154	221	314	221	269
United Kingdom	15	7	8	30	23	14	154	178	200	199	208	223
Japan	117	60	47	21	21	10	70	97	105	208	178	162
Mexico	20	27	27	99	117	105	906	1,324	1,791	1,025	1,468	1,923
Kuwait	158	139	95	39	59	75	48	61	66	243	259	236
Saudi Arabia	245	210	173	238	319	371	119	144	222	602	673	766
Colombia	16	24	14	112	112	54	104	92	82	232	228	150
Venezuela	57	35	82	139	102	149	269	299	462	465	436	694
Australia	3	1	1	47	53	43	210	191	222	260	245	266
Other Countries	459	305	266	876	977	795	957	1,204	1,267	2,292	2,486	2,327
TOTAL	4,611	3,919	3,920	3,105	2,783	2,647	8,394	8,702	10,580	16,110	15,404	17,147

1/ The figures are not all inclusive inasmuch as some automotive products as well as other items destined for automotive use are not separately delineated in U.S. trade classification systems and, therefore, are not separately available in U.S. foreign trade statistics. Exports of tires and tubes are not included. Figures may not add to totals because of rounding.

TABLE 14.--U.S. AUTOMOTIVE IMPORTS 3/ CALENDAR YEARS 1979-1981
(Millions of U.S. Dollars)

Country of Origin	Passenger Cars			Trucks and buses			Parts and accessories			Total Imports		
	1979	1980	1981	1979	1980	1981	1979	1980	1981	1979	1980	1981
Canada												
Traditional automotive 1/	3,707	3,802	4,295	1,978	1,893	2,622	3,544	2,664	3,201	9,229	8,359	10,118
New APTA 2/	--	--	--	--	--	--	287	224	262	287	224	262
Total	3,707	3,802	4,295	1,978	1,893	2,622	3,831	2,888	3,463	9,516	8,583	10,380
France	119	257	285	1	24	52	236	204	176	356	485	512
West Germany	3,212	3,701	2,906	23	13	20	764	674	500	3,999	4,388	3,426
Italy	378	297	179	--	16	17	44	60	79	422	373	276
Sweden	429	463	569	14	9	10	24	22	20	467	494	599
United Kingdom	320	297	253	12	12	9	210	210	181	542	519	444
Japan	6,665	8,362	9,498	1,458	1,750	2,003	1,086	1,103	1,445	9,209	11,215	12,947
Other Countries	12	19	34	63	72	70	846	794	992	921	885	1,096
Total	4,842	17,198	18,020	3,549	3,789	4,804	7,041	5,955	6,856	25,432	26,942	29,680

1/ Traditional automotive imports from Canada include those imports identifiable as automotive products in import figure from all countries.

2/ New APTA imports include those imports from Canada which were newly identified by the Automotive Products Trade Act of 1965 as automotive products. These items cannot be identified as automotive in the import data for any other country or in the U.S. export data.

3/ F.A.S. Values.

Note: Figures may not add to total because of rounding.

Source: Bureau of the Census

TABLE 15.--TOTAL U.S. TRADE 1/ (ALL COMMODITIES) WITH THE WORLD AND WITH CANADA, CALENDAR YEAR 1965 and 1979-1981
(Millions of Dollars)

	1965	1979	1980	1981
Exports, including reexports:				
To all countries, total	27,630	181,802	220,705	233,739
To Canada	5,658	33,096	35,395	39,546
Canada's percent of total	19.9	18.2	16.0	16.9
Imports, general:				
From all countries, total	21,429	206,327	240,834	261,305
From Canada, total	4,858	38,099	41,455	46,414
Canada's percent of total	22.7	18.5	17.2	17.8

1/ Including special category. F.A.S. values, 1979-1981.

Source: Bureau of the Census.

TABLE 16.--CANADIAN AUTOMOTIVE EXPORTS, CALENDAR YEARS 1979-1981 2/ 3/
(Millions of U.S. Dollars) 1/

Country of Destination	Passenger cars			Trucks and buses			Parts and accessories			Total		
	1979	1980	1981	1979	1980	1981	1979	1980	1981	1979	1980	1981
United States	3,962	4,203	5,009	2,875	2,506	3,125	4,043	3,055	3,726	10,880	9,765	11,860
West Germany	9	2	4	1	2	1	8	10	11	18	14	16
United Kingdom	1	--	1	2	4	1	8	8	8	11	13	9
Sweden	--	1	1	4	5	7	9	6	10	13	12	17
South Africa	--	--	--	7	1	5	14	27	22	21	28	28
West Indies	3	2	4	1	--	1	3	2	3	8	4	8
Australia	--	--	--	9	6	24	80	47	50	89	53	74
All other countries	347	403	404	186	207	208	316	312	444	850	922	1,055
TOTAL	4,322	4,611	5,422	3,086	2,733	3,372	1,480	3,466	4,275	11,888	10,810	13,068

1/Converted to U.S. dollars at the following exchange rates: 1979 U.S. $0.85386 = C.$1.00; for 1980 U.S. $0.85530 = C.$1.00; for 1981 U.S. $0.83408 = C.$1.00.

2/ Totals may not add due to rounding.

3/ Revised 1982

Source: Statistics Canada.

TABLE 17.--CANADIAN AUTOMOTIVE IMPORTS, CALENDAR YEARS 1979-1981 2/ 3/
(Millions of U.S. Dollars) 1/

Country of Origin	Passenger cars			Trucks and buses			Parts and accessories			Total		
	1979	1980	1981	1979	1980	1981	1979	1980	1981	1979	1980	1981
United States	3,749	3,388	3,719	1,970	1,247	1,379	8,228	7,317	8,765	13,946	11,951	13,863
West Germany	262	288	226	7	6	6	44	45	40	312	339	272
France	34	55	39	--	--	1	35	19	6	69	74	46
Italy	15	13	6	2	1	1	3	4	5	19	17	12
United Kingdom	37	44	19	7	3	3	34	32	25	79	79	47
Sweden	16	19	21	3	3	4	47	65	64	65	87	89
Japan	255	591	995	177	228	403	41	45	93	472	864	1,490
All other countries	15	18	41	7	7	7	116	113	71	138	138	120
TOTAL	4,381	4,416	5,066	2,172	1,495	1,803	8,547	7,638	9,069	15,101	13,550	15,938

1/Converted to U.S. dollars at the following exchange rates: 1979 U.S. $0.85386 = C.$1.00; for 1980 U.S. $0.85530 = C.$1.00; for 1981 U.S. $0.83408 = C.$1.00.

2/ Totals may not add due to rounding.

3/ Revised 1982

Source: Statistics Canada

TABLE 18.--CANADIAN AUTOMOTIVE TRADE, TOTAL WITH ALL COUNTRIES, WITH UNITED STATES, AND WITH ALL OTHER COUNTRIES EXCEPT THE UNITED STATES 1979-1981 2/ 3/

(Millions of U.S. Dollars) 1/

	Trade with all Countries			Trade with United States			Trade with all Countries except the United States		
	1979	1980	1981	1979	1980	1981	1979	1980	1981
Canadian exports:									
Passenger cars	4,322	4,611	5,422	3,962	4,203	5,009	360	408	413
Trucks & buses	3,086	2,733	3,372	2,875	2,506	3,125	211	227	246
Parts and accessories	4,480	3,466	4,275	4,043	3,055	3,726	437	411	549
TOTAL	11,888	10,810	13,068	10,880	9,765	11,860	1,008	1,046	1,208
Canadian imports:									
Passenger cars	4,381	4,416	5,066	3,750	3,388	3,719	633	1,029	1,347
Trucks & buses	2,172	1,495	1,803	1,970	1,247	1,379	202	249	425
Parts and accessories	8,547	7,638	9,069	8,228	7,317	8,765	319	321	304
TOTAL	15,101	13,550	15,938	13,946	11,951	13,863	1,154	1,598	2,076
Canadian net Exports (-)	(3,213)	(2,740)	(2,870)	(3,066)	(2,187)	(2,002)	(146)	(553)	(868)

1/ Converted to U.S. dollars, at the following exchange rates: 1979 U.S. $0.85386 = C. $1.00; for 1980 U.S. $0.85530 = C. $1.00; for 1981 U.S. $0.83408 = C. $1.00.

2/ Totals may not add due to rounding.

3/ Revised 1982.

SOURCE: Statistics Canada.